

NEWS RELEASE



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Eaton Vance 2007 Surveys of Financial Advisors and Senior Investors Show Significant Results:

Volatility Spells Opportunity

Bullish Outlook Despite Volatility

Advisors Say Seniors Should Save More; Retirees Report Sacrifices

Retirement Age is Rising

BOSTON, October 24, 2007 – Eaton Vance Corp. announced today the findings of its ninth annual survey of U.S. investors, focusing on the attitudes of individual investors ages 61 and older, and its first-ever survey of financial advisors. Both groups claim to be bullish on the U.S. stock market despite recent volatility.

While most seniors believe they have saved enough for retirement, advisors generally disagree. Many retired investors confess they have made sacrifices in retirement. Among those who haven't yet retired, many investors say they will keep working. Advisors say they won't have a choice.

A Majority Remain Bullish Despite Volatility Concerns

Most advisors (76%) and senior investors (53%) are bullish about the stock market over the next couple of years. More than two-thirds of advisors (69%) and half of senior investors (49%) say stock market volatility will exceed that of the recent past.

- Advisors (79%) are nearly twice as likely as senior investors (44%) to say stocks will offer the best rate of return among major investment categories over the next three years.

If the stock market does become more volatile, a majority of advisors (54%) would change their clients' asset allocation. By contrast, three-quarters of seniors (77%) are comfortable with their current portfolio allocation, even if the market does prove more volatile. A possible explanation for differing views: almost twice as many advisors (81%) as investors (44%) view volatility as an opportunity to capitalize on, as opposed to a risk to be avoided.

“Even the heartiest sailors get seasick,” said Duncan W. Richardson, chief equity investment officer at Eaton Vance. “A properly diversified portfolio can act as ballast, helping an investor chart a true course through volatile periods like we have seen recently. Rather than go it alone, investors would be wise to seek professional financial advice and benefit not only from proper portfolio allocation but also from an advisor's counsel in recognizing when opportunity comes knocking.”

A Comfortable Retirement: Misplaced Optimism?

Senior investors report general satisfaction with their financial situation. Many seniors who have not yet retired are confident they won't need more income in retirement than they need today, and most are unconcerned about outliving their assets. Two in three seniors (67%) who are already retired say they have saved enough to fund their retirement.

Investment professionals generally disagree with this rosy assessment. Three in five (59%) say most clients haven't saved enough for retirement. Potentially more worrisome: two in five retired seniors (40%) report they have already made sacrifices in retirement due to lack of income and one quarter of seniors (24%) are concerned about outliving their savings.

- Four of five senior investors (81%) say they are in a better position than they expected or about where they expected to be at this stage of life, and 84% are comfortable with their financial future.
- Nearly half of not-yet-retired senior investors (48%) say they will need less income in retirement than they do now, and another 24% say they will only need as much income as they currently receive today.
- Three-quarters of retired senior investors (72%) aren't concerned about outliving assets.

“There is an apparent contradiction between the optimistic picture that many senior investors paint about retirement and advisors' views about the retirement-readiness of soon-to-be-retirees,” said Richardson. “To live comfortably in retirement, many investors will need to save more and work longer. To ensure they don't outlive their assets, they also need to focus on investments that provide both growth and income opportunities—such as dividend-paying stocks.”

Fewer Are Planning an Early Retirement; Some Don't Plan to Retire

While almost all seniors who are already retired (91%) did so by age 70, full retirement by that age may soon become a thing of the past, according to the study.

- Less than half (44%) of seniors who have not yet retired say they will do so by age 70—including only 11% who plan to retire before 65.
- One in five seniors not yet retired (21%) plans to keep working indefinitely.
- One in eight (13%) says they will retire between 70 and 75, and 12% when they are older than 75.

Recent Census Bureau data corroborates this trend. Since 1990, the percentage of men and women over the age of 62 in the workforce has indeed been rising. Among men aged 65 to 69 years old, the number working in paid employment had increased by seven percentage points as of March 2007. The number of women in the same age bracket who work has risen even more dramatically—by nine percentage points over the past 17 years. (Source: Congressional Research Reports for the People, <http://openocrs.com/document/RL30629>)

On the other hand, most advisors (95%) report their clients plan to retire before age 70. And a majority of currently retired seniors (57%) would retire at the same age again—two-thirds (69%) retired before age 65—and most of those who would make a different decision (37%) cited personality or lifestyle rather than financial reasons (67% vs. 23%).

“Many advisors who participated in the Eaton Vance Financial Advisor study would likely agree that working longer may be a wise course for a lot of people,” said Matthew Witkos, President of Eaton Vance Distributors. “Regardless of when people do decide to retire, however, communication

with financial advisors could be improved, including how to handle 401(k) rollovers as well as income planning and the benefits of using stocks for income in retirement.”

Seniors Want and Need Advice

More than half of seniors (59%) rely on the help of a financial advisor and two in five (41%) senior investors who are not yet retired say they will consult an advisor when they retire. Women are more likely than men to use the services of a financial advisor (72% versus 56%).

In general, it appears that advisors are doing right by their clients. Most report adjusting the asset allocation of clients' pre-retirement portfolios at least once a year (51%) or quarterly (26%). For retired clients, nearly half (49%) adjust asset allocations annually, with another 22% doing so quarterly and 20% adjusting every couple of years. Three out of four (73%) also develop a comprehensive allocation for clients that includes all tax-deferred and taxable accounts.

Advisors also appear to expect seniors to do right by them. Nearly all (97%) express confidence that they will control clients' rollover assets in retirement.

Good-bye Pensions, Hello 401(k)s

Most senior investors are relying or will rely on Social Security (88%) or a pension(s) (70%) for at least some of their income. Among seniors polled, nearly one in four (24%) says the primary source of current portfolio income is their pension; Social Security (17%), dividend-paying stocks (14%) and 401(k)s (13%) are other key sources of income.

But the reliance on pensions is clearly shifting, as reflected by the findings among not fully-retired investors: Four in 10 (41%) say 401(k) accounts are their primary savings vehicle, while just 18% rely on pensions and about one in ten (13%) says a self-directed brokerage account.

Among other top sources of income for seniors are: dividend-paying stocks (63%), savings accounts/CDs (61%), bonds (47%), and real estate (31%). Fewer seniors rely or expect to rely on income-oriented closed-end funds (25%) or hedge funds (7%) for income.

“Most senior investors still expect to rely on pensions and Social Security for income,” said Richardson. “This is surprising in light of continued news about shutdowns of corporate pension plans and rising uncertainty about the viability of Social Security. But, given these developments, it is likely more retirees and near-retirees will need financial advice to navigate the choices inherent in self-directed investing plans.”

About the Eaton Vance Studies

This summary highlights the major findings of two comprehensive telephone studies conducted from July through August 2007 by Penn, Schoen & Berland Associates Inc. for Eaton Vance Corp.

The Eaton Vance Retiree Study was conducted among 402 U.S. residents 61 years or older, who have \$50,000 or more invested in stocks, bonds, mutual funds and qualified retirement plans, such as IRAs or 401(k) plans. More than half of senior investors (59%) use the services of a financial advisor. The margin of error for this study is +/- 4.89% at the 95% confidence level and larger for sub groups.

The Eaton Vance Advisor Study was conducted among 375 financial advisors who work with individuals to identify financial goals and recommend investments based on those goals. Baby boomers (including seniors) make up more than half of the book of business for three-quarters

(79%) of financial advisors. The margin of error for this study is +/-5.0% at the 95% confidence level and larger for sub groups.

Penn, Schoen & Berland Associates, Inc. is a Washington, D.C.-based full-service strategic polling and market research firm.

Eaton Vance Corp., a Boston-based investment management firm, is traded on the New York Stock Exchange under the symbol EV. Through its subsidiaries, Eaton Vance Corp. advises and distributes investment products for individual and institutional clients.

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